

Before the
Federal Communications Commission
Washington, DC 20554

In the Matter of

Schools and Libraries Universal Support
Mechanism

CC Docket No. 02-6

REPLY COMMENTS OF VERIZON

The Commission should reject the School Board of Miami-Dade County, Florida's ("Miami-Dade") proposals to require service providers to supply exhaustive information to the Schools and Libraries Division about the goods and services provided on an E-rate project and to mandate that schools and libraries ("applicants") sign yet another E-rate form.¹ While Miami-Dade appropriately wants to ensure that service providers do not overbill the Universal Service Administrative Company, its proposed changes to E-rate Form 474, the Service Provider Invoice Form, are unnecessary, because the information it wants added is already available. Instead its proposed changes would simply impose substantial burdens on service providers and the Schools and Libraries Division while providing no additional protection against waste, fraud and abuse of the universal service program.²

Miami-Dade first proposes to modify Form 474 to require service providers to "include an itemized breakdown of the specific goods or services delivered to the [applicant]," as well as provide "the amount paid by the [applicant]" for its portion of each service. Miami-Dade at 2-3.

¹ Comments of the School Board of Miami-Dade County, Florida, CC Docket No. 02-6 (filed March 22, 2005).

² Service providers must file Form 474 to request reimbursement for discounts that the service provider already has provided to schools and libraries.

A list of each good and service covered by each Form 474 could stretch to thousands of items. Further, it would be the same as the list, submitted by the applicant, which the Schools and Libraries Division had already reviewed for eligibility during the funding commitment process, and accordingly would be redundant of safeguards already incorporated into the review process.

Moreover, the reimbursement information that Miami-Dade seeks is already readily available. On the current version of Form 474 service providers supply the total (undiscounted) amount of service provided, as well as the discount amount billed to the Schools and Libraries Division. In addition, the Schools and Libraries Division web site Data Retrieval Tool, available to the public, allows users to see the amount of reimbursement going to each service provider for each funding request. Therefore, if any entity has a concern about any reimbursement amount, the information needed to research the facts surrounding any reimbursement request is readily available.³

Verizon, like other service providers, requires applicants to complete a grid identifying the services which have been approved by the Schools and Libraries Division before Verizon includes discounts on applicants' bills. Verizon uses the information contained in such grids to complete invoices for the Schools and Libraries Division. Because applicants are the ones who provide the information that ultimately appears on those invoices, this system greatly reduces the risk of overbilling by service providers.

Miami-Dade's proposal also is duplicative of the Schools and Libraries Division's Service Certification process. Under this process, when a question is raised regarding reimbursement amounts, the Universal Service Administrative Company reviews the service

³ The on-line Whistleblower Hotline provides a vehicle by which any entity can report allegations of waste, fraud or abuse to the Schools and Libraries Division, which can investigate further as needed.

provider's invoices. The Schools and Libraries Division then asks the service provider to have the applicant confirm that the specific goods and services covered in the submitted invoice were delivered and/or installed. The Schools and Libraries Division currently requests such Service Certifications for a high percentage of Internal Connections invoices and increasingly has used the process for Telecommunications Services and Internet Access invoices where it believes that the risk of program violations is high. There is no justification to superimpose such a process on all service providers in all instances, as Miami-Dade proposes.

Miami-Dade's second proposal, to add an "applicant certification" regarding the goods or services received from the service provider, would also significantly add to processing time for both service providers and the Schools and Libraries Division and would require extensive, costly changes to service providers' billing and invoicing systems. Invoicing systems used by large local exchange carriers, which were developed with the concurrence of the Schools and Libraries Division, are set up to generate aggregated Form 474s covering invoices for thousands of applicants each month. Miami-Dade would replace the aggregated Form 474 with a separate monthly invoice for each individual applicant. This would generate a *thousand-fold increase* in the volume of Form 474s submitted to the Schools and Libraries Division *each month*.

Moreover, each invoice would have to be transmitted for signature to the applicant and returned by the applicant to the service provider before it could be submitted. Given the high turnover rate in applicant E-rate personnel and other administrative delays, it would be extremely difficult to obtain such signatures on a timely basis. As a result, processing time and costs for both service providers and the Schools and Libraries Division would increase dramatically. Ultimately, Miami-Dade's proposal would lead to inefficiencies, an increase in the costs of E-

rate eligible projects due to increased administrative overhead, and a corresponding decrease in classroom benefits, which is contrary to the stated purpose of the E-rate program.⁴

Accordingly, the Commission should reject Miami-Dade's proposed changes to E-rate Form 474.

Respectfully submitted,

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April 5, 2005

⁴ See *Request for Review of the Decision of the Universal Service Administrator by Ysleta Independent School District, El Paso, Texas, et al.*, Order, 18 FCC Rcd 26406, ¶ 2 (2003) (the "goal" of the program is to ensure "effective, efficient, and equitable distribution of universal service support to eligible schools and libraries").